

CENTRAL INTELLIGENCE AGENCY

E R O-3926

29 March 1949

INTELLIGENCE MEMORANDUM NO. 149

SUBJECT: Soviet Reactions to Scandinavian Adherence to the Atlantic Pact

1. Assumptions.

a. Norway and Denmark, having joined the Atlantic Pact, receive substantial military aid up to their absorptive capacity; but no offensive air or naval bases are constructed in their home territories.

b. Sweden adheres to her policy of neutrality.

2. Summary

a. General Soviet Policy.

The USSR will view with particular concern the adherence of Norway and Denmark to the Atlantic Pact, because of their strategic location and their proximity to the Soviet Union. Soviet propaganda will continue to emphasize the danger of foreign military bases. The Soviet leaders will intensify their "war of nerves" in an effort to hamper implementation of the Atlantic Pact in Norway and Denmark. This "war of nerves" will consist of intensified propaganda, diplomatic representations, troop movements, and some economic pressure. However, it is believed that the Kremlin will not risk a general war by resorting to military aggression in Scandinavia or Finland, even though the Scandinavian countries received substantial military aid under the Pact.

Note: This report has been coordinated at the working-level with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force. The report is based on information available to CIA on 24 March 1949.

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b. Soviet Policy Toward Specific Countries.

(1) Norway.

The accelerated "war of nerves" against Norway will probably include intensified Communist propaganda and pressure, exploiting the subject of foreign military bases, and playing up fears of Soviet military action.

(2) Denmark.

Communist tactics in Denmark will be similar to those employed against Norway. Danish fears of Soviet military action will probably be kept alive through reports of troop movements in the Soviet Zone of Germany.

(3) Sweden.

The primary Soviet aim regarding Sweden will be to keep that nation neutral. Although pressure toward this end will be maintained, it is believed that the Kremlin will avoid any move -- such as military occupation of Finland -- which might frighten Sweden into the arms of the West.

3. Discussion.

a. General.

The USSR is acutely aware of the key geographic importance of Scandinavia in the strategic considerations of both East and West. The Kremlin's recent notes to Norway revealed its concern lest bases which could be used by the West be constructed in a country contiguous to the Soviet Union. The primary Soviet goal in connection with Norwegian and Danish adherence to the Atlantic Pact, therefore, is to prevent the establishment of military or naval bases which could interfere with Soviet access to the Atlantic, and from which the USSR could be bombed in case of war. Soviet propaganda, at least, has shown no inclination to accept Scandinavian assurances concerning such bases, and it will probably continue to emphasize this theme.

However, the Kremlin is believed unwilling to risk war at this time through military action in Scandinavia or Finland. Moreover, it may realize that even if such moves as occupation of islands in the Spitsbergen Archipelago or a coup in Finland did not bring about war, they would hasten implementation of the Atlantic Pact, and might frighten Sweden into an alignment with the West. Therefore, the Soviet campaign will probably be limited to an accelerated "war of nerves," consisting of intensified propaganda, diplomatic representations, the use of troop movements, and some economic pressure.

Indications that the local Communist parties are girding themselves for an intensified campaign can be seen in the reported reorganization of the Scandinavian parties, in their resolutions declaring loyalty to Moscow, and in recent "peace demonstrations" staged in opposition to the Atlantic Pact. However, the small size of the Scandinavian parties, their previous lack of success in organizing strikes, and their failure in mobilizing opposition to the Atlantic Pact in Norway and Denmark, preclude any over-all capability of carrying out an effective campaign of economic disruption.

Continued Kremlin pressure on the Finns will constitute part of the "war of nerves" in Scandinavia. This pressure may include (a) actual or purported troop movements along the Finnish frontier; (b) continued Communist agitation to enter the present Social Democratic Government; (c) a request for defense talks under the Soviet-Finnish Mutual Assistance Treaty; and (d) alleged violations of the Finnish peace treaty, in order to provide a legal basis for eventual Soviet military action. However, indications are that the Finns will resist attempts of the Communists to enter the Government. Moreover, while the Finns might agree to defense discussions, it is unlikely that they would give the consent necessary under the terms of the non-aggression treaty for Soviet troops to move into Finland. Despite all this pressure, Soviet military intervention in Finland is believed unlikely.

There are indications that the Kremlin is trying to build up fear of Soviet economic reprisals in Norway and Denmark. However, Soviet economic pressure will probably be limited both in scope and in its effects. In the first place, Kremlin policy has been to encourage East-West trade, qualitatively, from the Soviet point of view, in order to strengthen the economy of the East and to emphasize the importance of that economy to Western Europe. In the second place, Norway and

Denmark could turn to the West for commodities which might be cut off by the East, such as Polish coal and Soviet grain. At the same time, the East would be faced with the problem of finding new markets for its coal and grain, as well as substitutes for desired Norwegian and Danish products. Therefore, although fears of economic reprisals will probably be exploited to the maximum, it is unlikely that the Soviets will embark on a concerted campaign of economic retaliation.

In the case of Sweden, real economic pressure by the Soviets is improbable. Such moves would be expected to boomerang, since Swedish iron ore, ball bearings, and industrial equipment are particularly important to the East.

b. Soviet Policy Toward Specific Countries.

(1) Norway.

Northern Norway is vulnerable to attack from the USSR across their 122-mile frontier, and across the border from Finland. Norwegian apprehensions concerning such an invasion will probably be kept alive by reports of Soviet troop movements along the Norwegian and Finnish frontiers, and by local Communist propaganda in that area.

Spitsbergen seems a likely subject for renewed Soviet pressure on Norway. Here the Kremlin may employ the familiar theme of foreign military bases once again, pointing out that the construction of such bases would be a violation of the Spitsbergen Treaty of 1920.

For propaganda purposes, the USSR might reassert its claim to Bear Island in the Spitsbergen Archipelago, which it claimed prior to the Treaty of 1920. However, the Soviets will probably decide against the seizure of the island. In addition to avoiding the risk of war, the USSR will wish to avoid any move which would hasten Western plans for military aid to Norway.

One possible form of Soviet economic pressure would be a demand that Norway make good any temporary deficit under their trade treaty, through payments in dollars or gold equivalent. This temporary deficit is caused by the fact that the bulk of Norway's exports to the

USSR -- derived primarily from her fishing industry -- are delivered during the latter months of the year, while Norway's imports of Soviet grain are received early in the year. A Soviet demand for payment would prove embarrassing, financially, to Norway, and might result in a Norwegian request for increased ECA aid.

(2) Denmark.

Soviet strategy in Denmark is expected to follow the general pattern of that employed in Norway. The Danes would be especially sensitive to reports of Soviet troop movements in the Soviet Zone of Germany, and such reports may be used as part of the "war of nerves." The Kremlin may also arouse Danish fears of Soviet seizure of Bornholm Island in the Baltic, although such a move is regarded as unlikely. In exploiting the subject of Western military bases, the Soviets are expected to intensify their propaganda concerning alleged American plans for taking over Greenland completely and for building bases in Denmark itself. Knowing Danish sensitivity regarding their sovereignty over Greenland, the USSR will capitalize on any indication of Danish-American differences concerning military bases there.

(3) Sweden.

It is Soviet policy to assure continued Swedish neutrality. As part of the Soviet campaign to prevent Swedish adherence to the Atlantic Pact, the Kremlin will continue to play on Swedish fears of a Soviet invasion of Finland. However, the Kremlin probably realizes that such a move -- even if it did not result in a general war -- might frighten Sweden into the arms of the West. It is believed, therefore, that the Kremlin will avoid any move which might defeat its purpose of keeping Sweden neutral.

In the economic sphere, the USSR might call upon Sweden for increased deliveries of goods under the Soviet-Swedish trade and credit agreements. However, it seems improbable that the Soviets would push the matter very far. The Kremlin will wish to avoid any move which might invite Swedish economic retaliation, or which would result in closer Swedish economic ties with the West. Strong economic pressure, therefore, is not expected to be one of the weapons employed against Sweden.